

Message Text

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ORIGIN EUR-12

INFO OCT-01 ISO-00 PM-05 DODE-00 CIAE-00 INR-07 L-03
ACDA-12 NSAE-00 PA-02 SS-15 PRS-01 SP-02 USIA-15
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FM SECSTATE WASHDC
TO USMISSION USNATO IMMEDIATE
AMEMBASSY PARIS IMMEDIATE
INFO USNMR SHAPE PRIORITY

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USNATO PLEASE PASS TO ASYG WALSH

E.O. 11652: N/A

TAGS: MPOL, NATO, AWACS

SUBJECT: NATO AWACS: POSSIBLE FRENCH PARTICIPATION AS
SUBSCRIBER

REF: NAPO MSG DTG 221646 DEC 77

1. FURTHER TO OUR RESPONSE (SEPTTEL) COMMENTING ON PROPOSED
AGENDA (REFTEL) FOR JAN 11/12 AWACS NATIONAL EXPERTS
MEETING, WE BELIEVE IT MIGHT ALSO BE USEFUL FOR NATIONAL
EXPERTS TO DISCUSS POSSIBLE FRENCH PARTICIPATION AS A
SUBSCRIBER. WE HAVE DEVELOPED AN APPROACH TO THIS
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QUESTION WHICH WE BELIEVE PROVIDES AN EQUITABLE FORMULA
FOR CONSIDERATION IN DETERMINING WHAT FRANCE SHOULD PAY AS
A SUBSCRIBER TO THE NATO AWACS SYSTEM. THIS APPROACH IS
OUTLINED BELOW FOR COMMENT BY USNATO, AMEMBASSY PARIS, AND
BY MR. WALSH. IT ASSUMES THAT FRANCE WOULD ALSO CONTRIBUTE
A FAIR SHARE TO OPERATIONS AND SUPPORT (O AND S) COSTS,
BUT, AS THIS ISSUE IS SOMEWHAT FURTHER FROM RESOLUTION BY

NATIONAL EXPERTS THAN IS COST-SHARING FOR PROCUREMENT FUNDING, WE HAVE NOT ADDRESSED FRANCE'S O AND S SHARE IN THIS MESSAGE.

2. WE BELIEVE THE FRENCH SUBSCRIBER CONTRIBUTION COULD BE CALCULATED IN THE FOLLOWING FASHION. (PLEASE NOTE THAT IN

DEVISING THIS APPROACH WE HAVE FOLLOWED THE SAME LOGIC SUGGESTED BY NAPO IN ADDRESSING PROCUREMENT COST SHARING FOR NON-PRODUCER NATIONS.)

A. USING THE INFRASTRUCTURE BUDGET FORMULA FOR NATIONAL SHARES OF GROUND ENVIRONMENT MODIFICATIONS, FRANCE WOULD PAY 13.1580 PERCENT X 173 MILLION DOLLARS (INCREASED FROM 150 MILLION DOLLARS TO ACCOUNT FOR FRENCH SITES -- 14 NATIONS CONTRIBUTING) OR 22.7633 MILLION DOLLARS.

B. USING THE INFRASTRUCTURE BUDGET FORMULA FOR NATIONAL SHARES OF BASING FACILITIES, FRANCE WOULD PAY 14.6880 PERCENT X 70 MILLION DOLLARS (USING MOB IN THE FRG FOR ILLUSTRATIVE PURPOSES -- 13 NATIONS CONTRIBUTING) OR 10.2816 MILLION DOLLARS.

C. USING THE CIVIL BUDGET FORMULA FOR NATIONAL SHARES OF PROGRAM ADMINISTRATION, FRANCE WOULD PAY 21.2554 PERCENT X 59 MILLION DOLLARS OR 12.3281 MILLION DOLLARS (13 UNCLASSIFIED

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NATIONS CONTRIBUTING).

D. THE SUB-TOTAL OF NON-AIRBORNE COMPONENT COSTS FOR FRANCE WOULD THEN BE 45.3730 MILLION DOLLARS.

E. USING THE ADJUSTED GROSS DOMESTIC PRODUCT (AGDP) APPROACH FOR NON-PRODUCER NATIONS' SHARES OF AIRCRAFT ACQUISITION COSTS (ASSUMING PRODUCER NATIONS' AGGREGATE SHARE WOULD NOT BE REDUCED -- WHICH MAY NOT BE ACCEPTABLE, ESPECIALLY TO CANADA), FRENCH WOULD PAY 300.1 DIVIDED BY 678.6 TIMES (1606 MILLION DOLLARS MINUS 1376 MILLION DOLLARS) OR (44.2234 PERCENT X 230 MILLION DOLLARS) OR 101.7138 MILLION DOLLARS.

F. FRANCE'S TOTAL SHARE, AS A NON-PRODUCER NATION, WOULD BE 147.0868 MILLION DOLLARS. (THIS WOULD BE OVER THE LIFE OF THE PROGRAM, NOT COUNTING O AND S COSTS.)

3. SINCE FRANCE WOULD ONLY BE CONTRACTING FOR DATA AND NOT PARTICIPATING IN PROCUREMENT OF THE ENTIRE SYSTEM, FRANCE SHOULD ONLY HAVE TO PAY FOR THE MODIFICATION OF THE GROUND ENVIRONMENT SITES LOCATED IN FRANCE. SOME

COST SAVINGS FOR FRANCE WOULD ALSO BE ACHIEVED BY THIS, WHICH WILL, IN ALL PROBABILITY, PROVE THE ONLY VIABLE ALTERNATIVE TO THAT OUTLINED IN 2A ABOVE. UNDER THIS ALTERNATIVE APPROACH, FRANCE WOULD PAY DIRECTLY FOR MODIFICATION OF THE ENVIRONMENT SITES IN FRANCE AND THESE COSTS WOULD THUS NOT APPEAR AS A PORTION OF FRANCE'S SUBSCRIBER SHARE. (UNDER THIS APPROACH, FRENCH MIGHT ONLY HAVE TO PAY ABOUT 13 MILLION DOLLARS FOR GROUND

ENVIRONMENT MODIFICATION VICE THE 22.8 MILLION DOLLARS UNDER THE INFRASTRUCTURE BUDGET APPROACH PER 2A ABOVE, ALTHOUGH IT SHOULD BE NOTED THAT TO ACHIEVE THIS COST SAVINGS FRANCE WOULD HAVE TO NEGOTIATE WITHIN THE PROPOSED EUTRONICS CONTRACT.) WITH THE COSTS OF GROUND ENVIRONMENT
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MODIFICATIONS SUBTRACTED, FRENCH TOTAL SHARE WOULD THUS BE REDUCED TO APPROXIMATELY 125 MILLION DOLLARS.

4. ALSO REMAINING TO BE RESOLVED IS QUESTION OF PHASING OF FRENCH CONTRIBUTION. IT APPEARS TO US THAT AN APPROACH TO FRANCE OFFERING TWO ALTERNATIVES MIGHT HAVE MERIT:

OPTION A: FRANCE WOULD PAY AS A SUBSCRIBER IN SIX EQUAL SHARES OF APPROXIMATELY 20 MILLION ANNUALLY, TO BEGIN IN FY 1979;

OPTION B: FRANCE TO CONTRIBUTE AS SUBSCRIBER IN ANNUAL SHARES OF 10 MILLION DOLLARS, TO BEGIN AT INITIAL OPERATIONAL CAPABILITY OF THE SYSTEM (LATE 1982 OR EARLY 1983) BUT TO CONTINUE AS LONG AS SYSTEM IS OPERABLE.

5. COMMENTS FROM ADDRESSEES AND ASYG WALSH ON PARAS ONE THROUGH 4 ABOVE WOULD BE APPRECIATED AS SOON AS POSSIBLE.

CHRISTOPHER

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